

Message Text

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ORIGIN EA-14

INFO OCT-01 ISO-00 XMB-07 EB-11 RSC-01 /034 R

DRAFTED BY EA/ROC:TBLEHA:BDS

APPROVED BY EA/ROC:RWSULLIVAN

EA - AMB. UNGER (INFO)

EXIM - MR. CLARK

EXIM - MR. PRICE

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P 012139Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI PRIORITY

C O N F I D E N T I A L STATE 065033

E.O. 11652: GDS

TAGS: EFIN, TW

SUBJECT: UNGER CALL ON EXIM CHAIRMAN CASEY

1. AMBASSADOR UNGER CALLED MARCH 27 ON EXIM CHAIRMAN CASEY AND EXIM DIRECTOR JOHN CLARK.

2. CASEY OPENED DISCUSSION BY SAYING ROC AND A FEW OTHER COUNTRIES (E.G. KOREA) HAVE MANY MORE APPLICATIONS PENDING THAN EXIM CAN APPROVE BECAUSE BANK IS RAPIDLY APPROACHING ITS 20 BILLION DOLS AUTHORIZED LENDING CEILING. IN ROC CASE, CASEY NOTED THAT APPROVAL OF ALL CURRENT PENDING APPLICATIONS WOULD MEAN DOUBLING OF EXIM EXPOSURE THERE IN APPROXIMATELY SIX-MONTH PERIOD.

3. CASEY SAID EXIM BOARD HAD CONSIDERED ROC PRIORITIES ALONG WITH RECOMMENDATIONS OF RECENT CLARK MISSION AT ITS MEETING THAT MORNING. EXIM INTENTION WAS, GENERALLY, TO CONSIDER FAVORABLY LARGE PROJECTS ON WHICH ROC PLACES HIGH PRIORITY, BUT LESSER PRIORITY PROPOSALS WOULD HAVE TO BE SCRUTINIZED CAREFULLY CASE-BY-CASE. CASEY SAID EXIM PREPARED TO MOVE AHEAD ALMOST IMMEDIATELY ON CASE-BY-CASE BASIS.

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4. CASEY SAID EXIM WOULD SEND LETTER TO K.T. LI,

ADDING EXIM WOULD BE AS POSITIVE AND FORTHCOMING AS POSSIBLE. (LETTER BEING SENT SEPTTEL FOR DELIVERY BY

EMBASSY.) CASEY AND CLARK SHARED VIEW THAT ROC WOULD PROBABLY BE REASONABLY SATISFIED WITH THIS OUTCOME.

5. CLARK MENTIONED IN PASSING ONE POSSIBLE METHOD OF EASING SITUATION WOULD BE FOR EXIM TO END ITS GUARANTEE OF PRIVATE US BANK PORTION OF PROJECT FINANCING FOR TAIWAN. EFFECT OF THIS WOULD BE TO FREE ADDITIONAL EXIM MONEY FOR OTHER LOANS, ALTHOUGH OVERALL INTEREST RATES WOULD INCREASE. CLARK NOTED, HOWEVER, THAT BY 1976-77, HIGH PRIORITY ROC CREDIT NEEDS WOULD ALMOST CERTAINLY EXCEED EXIM'S ABILITY TO MEET THEM ALONE AND THAT OTHER SOURCES OF LONG-TERM CREDIT WOULD HAVE TO BE FOUND. CASEY ADDED THAT DIFFERENCE BETWEEN CURRENT EXIM INTEREST RATE OF 7 PERCENT AND PRIVATE LONG-TERM RATES IS NOT VERY GREAT IN ANY EVENT.

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